



FISCAL MEMORANDUM

SB 1154 - HB 1426

March 6, 2023

SUMMARY OF BILL AS AMENDED (004157): Removes the sales tax exemption, during a period where the qualifying entity is eligible to receive a distribution of state sales tax revenue, on admission to amusement or recreational activities conducted, produced, or provided at a facility that is owned by a sports authority, on or after January 1, 2027.

ESTIMATED FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue – \$6,800/FY26-27
\$13,500/FY27-28 and Subsequent Years**

**Increase Local Revenue – \$36,000/FY26-27
\$72,000/FY27-28 and Subsequent Years**

Assumption:

- Currently, there are nine sports authorities in Tennessee.
- For the purposes of this analysis, it is assumed that each sports authority produces four such events each year.
- For the purposes of this analysis, it is assumed that 250 tickets are sold, for the price of \$100 per event; therefore, total sales that are no longer exempt from sales tax, as a result of the proposed legislation, are estimated to be \$900,000 (\$100 x 250 tickets x 4 events x 9 sports authorities) annually.
- The current state sales tax rate is 7.0 percent; the average local option sales tax rate is 2.5 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. §§ 67-6-712(c)(1)(A) and 67-6-103(d)(1)(A)(i), 5.5 percent of the state sales tax and all of the local option sales tax is designated to a sports authority, totaling 8.0 percent (5.5% + 2.5%).
- Pursuant to Tenn. Code Ann. § 67-6-103(c) 1.5 percent of the 7.0 percent state sales tax is designated for the General Fund.
- The recurring increase in state sales tax revenue going to the General Fund is estimated to be \$13,500 (\$900,000 x 1.5%).
- The recurring increase in local revenue is estimated to be \$72,000 (\$900,000 x 8.0%).
- Due to the January 1, 2027 effective date, the impact will be half in FY26-27.
- Therefore, the increase in state revenue is estimated to be \$6,750 (\$13,500 x 50%) in FY26-27, and \$13,500 in FY27-28 and subsequent years.

- Therefore, the increase in local revenue is estimated to be \$36,000 ($\$72,000 \times 50\%$) in FY26-27, and \$72,000 in FY27-28 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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